

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6426

BILL NUMBER: SB 96

NOTE PREPARED: Dec 2, 2005

BILL AMENDED:

SUBJECT: Minimum Wage Increase.

FIRST AUTHOR: Sen. Lanane

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill increases Indiana's minimum hourly wage to \$6.15 on July 1, 2006, and \$7.15 on July 1, 2007.

Effective Date: July 1, 2006.

Explanation of State Expenditures: The state has eight employees who are paid less than \$7.15 per hour. The cost to increase the minimum wage from the current rate of \$5.15 to \$6.15 per hour on July 1, 2006, and \$7.15 per hour on July 1, 2007, would be approximately \$11,050 for FY 2007 and \$17,245 for FY 2008. As of October 29, 2005, of the eight positions being paid less than \$7.15 per hour, four were intermittent positions. The increase in the minimum salary would also affect wage-related benefits such as social security and retirement benefits.

Explanation of State Revenues:

Explanation of Local Expenditures: The local impact of increasing the minimum wage is unknown, but probably minor. The percentage increase from the current rate of \$5.15 would be 19.4% on July 1, 2006, and 38.8% on July 1, 2007. The increase in the minimum salary would also affect the local unit's cost of wage-related benefits such as social security and retirement benefits.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Department of Personnel Staffing Database.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.